



The State of New Hampshire
Department of Environmental Services



Michael P. Nolin
Commissioner

January 17, 2006

The Honorable Lawrence C. Ross, Chairman
New Hampshire House of Representatives
Science, Technology and Energy Committee
Legislative Office Building, Room 304
Concord, NH 03301

RE: HB 1531 An Act establishing a commission to study implementing the Regional Greenhouse Gas Initiative (RGGI) program

Dear Chairman Ross and Members of the Committee:

The New Hampshire Department of Environmental Services (NHDES) appreciates the opportunity to testify in support of House Bill 1531 that would establish a commission to study implementing the Regional Greenhouse Gas Initiative (RGGI) program.

RGGI is aimed at reducing carbon dioxide pollution through a mandatory emissions cap on the electric generating sector, coupled with a market-based trading program to achieve the lowest possible compliance costs. RGGI's goal is also to achieve significant reductions through end-use energy efficiency and through greenhouse gas emission reduction projects undertaken outside of the power sector.

Governor Lynch recently signed the RGGI Memorandum of Understanding (MOU) and by doing so made a commitment to bring the RGGI framework before the New Hampshire Legislature. The RGGI MOU details the key components of the program including a goal of stabilizing carbon dioxide emissions from power plants in the region at current levels through 2015, and reducing emissions by 10% from current levels by 2019.

The next step in the RGGI process is development of a model rule by the regional group, expected to be completed this spring, which will further refine the details of RGGI. HB 1531 will provide the venue to examine the RGGI MOU and model rule, and to work with the legislature, stakeholders, and the electric power industry to design the best program for New Hampshire. During this time, DES will also be refining the potential cost impacts to New Hampshire.

As you are aware, New Hampshire already has a cap on carbon dioxide emissions from power plants is part of RSA 125-O, the New Hampshire Clean Power Act, which was passed in 2002 and requires reductions of four pollutants, including carbon dioxide (nitrogen oxides, sulfur oxides, mercury, and carbon dioxide). Massachusetts is the only other state in the region to have an existing cap on power plant emissions. Adoption of a regional cap and trade program would level the playing field by imposing comparable requirements on more power plants in the regions.

In accordance with the requirements of RSA 125-O, NHDES made a recommendation to the Legislature on March 31, 2004 to lower the cap on carbon dioxide (CO₂) emissions from affected facilities by 25%. Last year, the NH Senate passed SB 128, retained for consideration in this legislative session, which provides NHDES authorization to adopt a regional cap and trade program for CO₂ in lieu of a lower independent New Hampshire cap. During the debate on SB128, it was decided that a program to address further CO₂ reductions would be best left to a separate bill. HB 1531 enables NHDES to work with the legislature on how best to adopt RGGI, to examine how the adoption of a regional cap and trade would meet the intent of the Clean Power Act, and to ensure that RGGI is consistent with New Hampshire's energy priorities.

Thank you for the opportunity to offer our comments regarding HB1531. If you have any questions regarding these comments, please feel free to contact Air Resources Division Director Robert Scott (271- 1088) or Joanne Morin (271-5552).

Sincerely,

Michael P. Nolin
Commissioner

cc: Members of the Science, Technology & Energy Committee
Representative Ross